

MINUTE ITEM
This Calendar Item No. 10
was approved as Minute Item
No. 10 by the State Lands
Commission by a vote of 3
to 0 at its 1-21-88
meeting.

CALENDAR ITEM

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01/21/88

PRC 7001

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A. Scott

APPROVAL OF ENCUMBRANCING OF SUBLEASE

LESSEE: City of Sacramento
Attn: Solan Wisham
City Hall
915 "I" Street
Sacramento, California 95814

SUBLESSEE:: The Riverboat Delta King, Inc.
901 Tamalpais Avenue, Suite 200
San Rafael, California 94901

SECURED PARTY: Home Federal Savings of San Diego
345 California Street
San Francisco, California

William Murray, Esq.
Morrison & Foerster
California Center
345 California Street
San Francisco, California 94104-2105

BACKGROUND: On July 24, 1986, the State Lands Commission approved the issuance of a Master Lease to the City of Sacramento covering a portion of the Sacramento River located along the waterfront in "Old Sacramento". The Commission, as part of the approval, also authorized a sublease to the Riverboat Delta King and approved a form of agreement to be used in those cases where a sublessee wishes to use its sublease for security of a loan.

(CALENDAR ITEM NO. 10) (CONT'D)

CURRENT SITUATION:

The Sublessee (Riverboat Delta King) of the City has applied to Home Federal Savings of San Diego (HOME) for a loan to reconstruct portions of the riverboat. As a condition of the loan, HOME has required that they have a security interest in the sublease to the Master Lease. The Master Lease contemplates and provides for subleasing and encumbrancing of subleases for financing purposes with State approval. Because there is an additional layer in this transaction (i.e. lease and sublease), some modifications to the State's standard form security agreement (Agreement and Consent to Encumbrancing of Lease) will be required and the agreement will have four (4) parties (State/Lessor, City/Lessee, Riverboat Delta King/Sublessee, Home Federal/lender) instead of the usual three(3).

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

2. This activity involves lands identified as possessing significant environmental values pursuant to P.R.C. 6370, et seq. but will not affect those significant lands.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.

(CALENDAR ITEM NO. 10 CONT'D)

2. AUTHORIZE THE ENCUMBRANCING OF THE RIVERBOAT DELTA KING'S SUBLEASE TO THE CITY OF SACRAMENTO'S MASTER LEASE (LEASE PRC 7001) IN FAVOR OF HOME FEDERAL SAVINGS OF SAN DIEGO FOR PURPOSES OF OBTAINING A LOAN FOR THE RECONSTRUCTION OF THE HISTORIC RIVERBOAT DELTA KING.
3. APPROVE THE AGREEMENT AND CONSENT TO ENCUMBRANCING OF SUBLEASE IN THE FORM ON FILE IN THE OFFICES OF THE COMMISSION.

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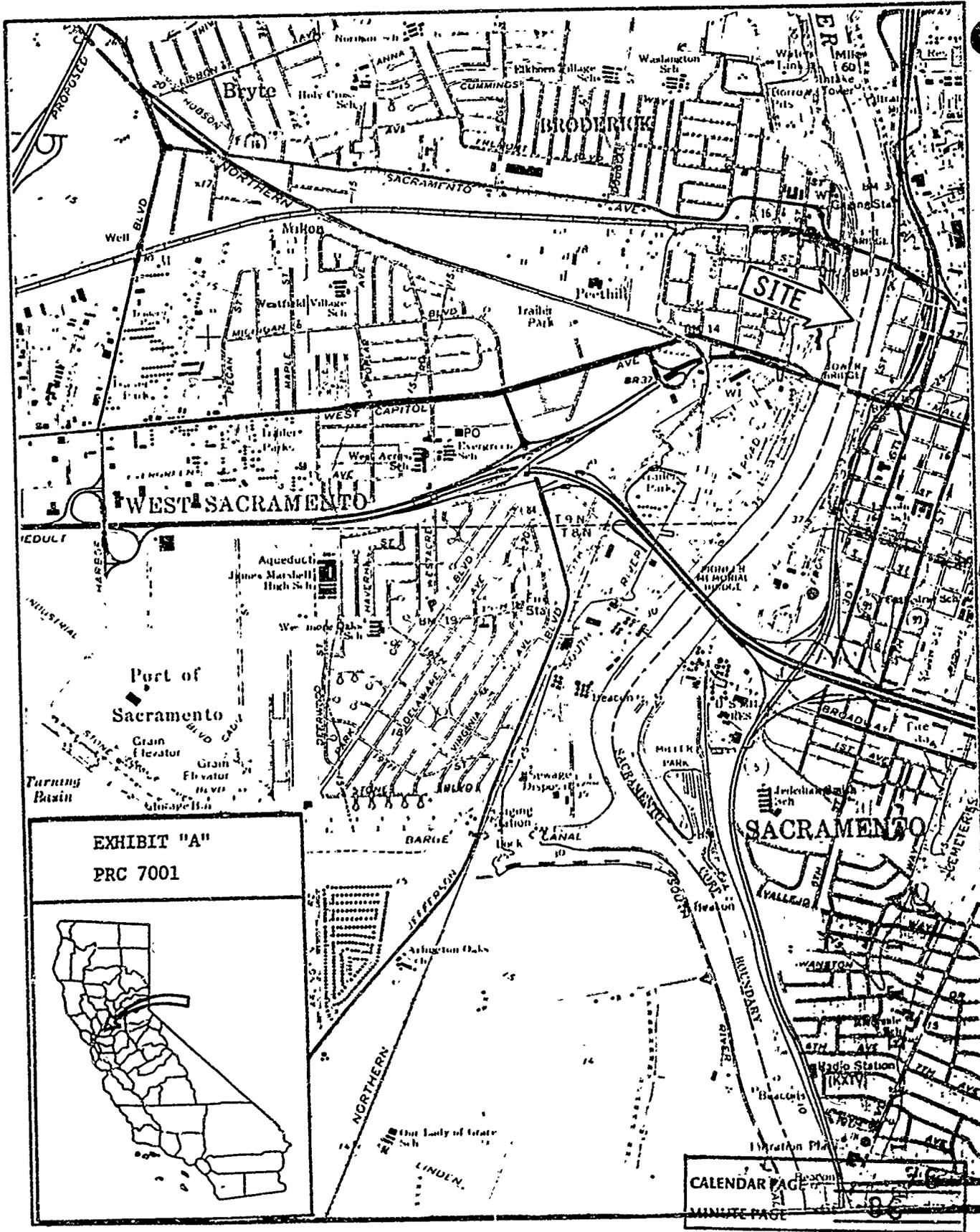


EXHIBIT "A"
PRC 7001

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